

Message Text

LIMITED OFFICIAL USE

PAGE 01 EC BRU 00772 01 OF 02 061840Z

51

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 SAM-01 NEA-11 AF-10 DRC-01 /217 W

----- 082200

R 061755Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6406

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 1 OF 2 EC BRUSSELS 0772

E.O. 11652: N/A

TAGS: ETRD, SP, IS, TS, MO, AG

SUBJ: EC MEDITERRANEAN POLICY: AD HOC ARRANGEMENTS

REFS: A. STATE 15683

B. EC BRUSSELS 473

C. EC BRUSSELS 7415 (1973)

1. SUMMARY. THE PREFERENCES GIVEN BY BRITIAN,
IRELAND AND DENMARK TO THE MEDITERRANEAN STATES VARY
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 00772 01 OF 02 061840Z

AMONG THE DONOR STATES, AND THEIR LEGAL STATUS VARIES

ACCORDING TO THE PREFERENCE-RECEIVING STATES. THEY ARE AD HOC IN THOSE CASES WHERE NO TRANSITIONAL PROTOCOL EXISTS TO SPELL OUT HOW FAST THE NEW EC MEMBERS MUST BRING THEIR TARIFFS ON MEDITERRANEAN GOODS INTO LINE WITH THE TARIFFS OF THE SIX. THE EC DOES NOT PLAN TO REPORT THESE AD HOC ARRANGEMENTS TO THE GATT, ARGUING THAT THE ARRANGEMENTS WILL BE AD HOC ONLY FOR SHORT PERIOD AND THAT THEY ARE, IN FACT, THE TRANSITIONAL MEASURES FORESEEN -- THOUGH NOT SPEELED OUT -- IN THE ACCESSION TREATY, WHICH HAS BEEN ALREADY EXAMINED IN THE GATT. THE FEBRUARY 4-5 COUNCIL DID NOT ACT ON THIS SUBJECT. END SUMMARY.

2. THE DEPARTMENT'S INSTRUCTION REQUESTING INFORMATION ON THE AD HOC MEDITERRANEAN ARRANGEMENTS (REFTEL A) CROSSED OUR LATEST REPORT ON THE STATUS OF THESE ARRANGEMENTS (REFTEL B). REFTEL B AND PREVIOUS REPORTS GIVE THE BACKGROUND ON THIS SUBJECT. SUBSEQUENT TO THE DEPARTMENT'S INSTRUCTION WE HAVE DISCUSSED THE ISSUE WITH COMMISSION AND PERM REP SOURCES, WHO DESCRIBE THE SITUATION AS FOLLOWS:

3. LEGAL DIFFERENCES AMONG THE PREFERENCE-RECEIVING MEDITERRANEAN STATES. FORMAL TRADE OR ASSOCIATION AGREEMENTS EXIST NOW BETWEEN THE COMMUNITY OF SIX AND THE FOLLOWING MEDITERRANEAN COUNTRIES: SPAIN, ISRAEL, GREECE, MOROCCO, TUNISIA, MALTA, TURKEY, CYPRUS, LEBANON AND EGYPT. (THERE IS NO AGREEMENT WITH ALGERIA.)

4. ARTICLE 108 OF THE ACCESSION TREATY REQUIRES THAT THREE NEW MEMBER STATES, APPLY THESE AGREEMENTS AFTER JANUARY 1, 1973, SUBJECT TO PROTOCOLS THAT MIGHT BE ENTERED INTO ON A TRANSITIONAL ARRANGEMENT. WHERE TRANSITIONAL PROTOCOLS ARE IN EFFECT, THERE IS NO NEED FOR AD HOC MEASURES, I.E., FOR TURKEY, CYPRUS AND EGYPT. THERE IS ALSO A TRANSITIONAL PROTOCOL IN FORCE FOR MOROCCO, BUT ADMINISTRATIVE ARRANGEMENTS HAVE NOT YET BEEN COMPLETED TO PUT IT INTO EFFECT. PROTOCOLS HAVE BEEN SIGNED WITH LEBANON AND TUNISIA, BUT TRANS-

LIMITED OFFICIAL USE

PAGE 03 EC BRU 00772 01 OF 02 061840Z

LATION AND OTHER PROBLEMS HAVE PREVENTED THEIR YET COMING INTO FORCE. CONSEQUENTLY, AD HOC ARRANGEMENTS DO AFFECT THESE COUNTRIES BUT THESE ARE OBVIOUSLY TEMPORARY.

5. TRANSITIONAL PROTOCOLS DO NOT EXIST FOR SPAIN AND ISRAEL THOUGH THERE WAS A STATUS-QUO PROTOCOL FOR THESE COUNTRIES THAT EXPIRED ON JANUARY 1, 1974. MALTA HAS

REFUSED FROM THE OUTSET TO NEGOTIATE ANY STATUS-QUO AGREEMENT WITH THE COMMUNITY AND IS HOLDING OUT FOR A BASIC REVISION OF ITS PRESENT TRADE AGREEMENT. FOR ALGERIA, THERE IS NOT EVEN A BASIC TRADE AGREEMENT. THUS ANY PREFERENCE GIVEN TO SPAIN, ISRAEL AND MALTA BY THE THREE ACCEDING COUNTRIES ON ITEMS INCLUDED IN THE TRADE AGREEMENTS CAN BE CALLED AD HOC IN THE SENSE THAT THEY ARE NOT PRECISELY GOVERNED BY A TRANSITIONAL PROTOCOL, I.E., IN THE ABSENCE OF A PROTOCOL STATING HOW FAST THE ACCEDING STATES SHOULD ALIGN THEIR MEDITERRANEAN PREFERENCES TO THE PREFERENCES GIVEN BY THE SIX UNDER THE MEDITERRANEAN TRADE AGREEMENTS.

6. IN ADDITION, SOME OF THE ACCEDING STATES ARE GIVING PREFERENCES TO THESE STATES ON ITEMS NOT INCLUDED IN THE TRADE AGREEMENTS, AND THESE ARE CLEARLY AD HOC. (THESE ARE ON ITEMS WHICH THE UK OR OTHER ACCEDING STATES ARE PUSHING TO HAVE INCLUDED IN THE NEW MEDITERRANEAN TRADE AGREEMENTS.) FOR ALGERIA, OF COURSE, ANY PREFERENCE GIVEN BY EITHER THE ACCEDING COUNTRIES OR THE SIX, EXCEPT PERHAPS FRANCE, ARE ALSO CLEARLY AD HOC.

7. DIFFERENCES OF TREATMENT GIVEN BY UK, DENMARK AND IRELAND. THE AD HOC ARRANGEMENTS VARY AMONG THE THREE ACCEDING STATES. (OUR PREVIOUS DESCRIPTION, REFTEL B, COVERED ESSENTIALLY THE BRITISH ARRANGEMENTS WHICH ARE BY FAR THE MOST IMPORTANT.) THE CURRENT SITUATION IS AS FOLLOWS:

8. THE UK. ON JANUARY 1, THE UK APPLIED THE 40 PERCENT ALIGNMENT WITH THE CXT ON A SELECTIVE BASIS IN THE MEDITERRANEAN. IN THOSE CASES WHERE THE RESULT OF THE ALIGNMENT IS A REDUCTION IN THE UK MFN DUTY IT IS BEING APPLIED TO MEDITERRANEAN IMPORTS ON AN MFN BASIS. IN THOSE CASES LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 EC BRU 00772 01 OF 02 061840Z

WHERE THE ALIGNMENT WOULD HAVE RAISED MFN DUTIES, THE UK HAS CHOSEN TO MAINTAIN THE STATUS-QUO AS IT EXISTED ON DECEMBER 31, 1973, I.E., BEFORE THE 40 PERCENT ALIGNMENT WAS PLACED IN EFFECT. THUS, IN THE ABSENCE OF TRANSITIONAL ARRANGEMENTS THE UK IS GIVING PREFERENCES ON GOODS COVERED BY AGREEMENTS AND ON SOME GOODS NOT COVERED BY THE EXISTING AGREEMENTS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 EC BRU 00772 02 OF 02 061848Z

43

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 FEA-02

OMB-01 SAM-01 NEA-11 AF-10 DRC-01 /217 W

----- 082273

R 061755Z FEB 74

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC 6407

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY THE HAGUE

USMISSION GENEVA

USMISSION OECD PARIS

LIMITED OFFICIAL USE SECTION 2 OF 2 EC BRUSSELS 0772

9. IRELAND. THE IRISH TREAT THE MEDITERRANEAN COUNTRIES NOT PRESENTLY COVERED BY TRANSITIONAL PROTOCOLS ON AN MFN BASIS, I.E., THEY HAVE APPLIED THEIR 40 PERCENT ALIGNMENT WITH THE CXT ACROSS THE BOARD RAISING OR LOWERING TRAIFFS AS REQUIRED.

10. DENMARK. THE DANES ARE APPLYING AD HOC MEASURES THAT FALL SOMEWHAT BETWEEN THOSE TAKEN BY THE UK AND IRELAND. LIKE THE IRISH, THE DANES TREAT THE AFFECTED MEDITERRANEAN STATES AS THIRD COUNTRIES FOR MOST PRODUCTS. HOWEVER, FOR APPROXIMATELY 12 PRODUCTS (INCLUDING CITRUS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 EC BRU 00772 02 OF 02 061848Z

AND FRUIT JUICES) A STANDSTILL, BASED ON THE TARIFFS IN EFFECT ON DECEMBER 31, 1973, IS IN EFFECT. THE PRODUCTS SUBJECT

TO THE STANDSTILL REPRESENT THE CHIEF IMPORTS OF DENMARK FROM THE MEDITERRANEAN AREA.

11. PLAN TO REPORT TO GATT. NONE OF OUR SOURCES IN THE COMMISSION OR THE MEMBER STATE DELEGATIONS INDICATED THAT CONSIDERATION WAS BEING GIVEN TO NOTIFYING THE GATT OF THE AD HOC MEASURES INVOLVED. IN GENERAL, THE OPINION WAS THAT THE AD HOC MEASURES WOULD BE IN FORCE FOR A LIMITED AMOUNT OF TIME. (THE TIME WAS UNSPECIFIED BUT WOULD RUN UNTIL TRANSITIONAL OR DEFINITIVE AGREEMENTS WITH MEDITERRANEAN COUNTRIES INVOLVED WERE IN FORCE.) THE CONSENSUS WAS THAT BY THE TIME THE AD HOC MEASURES COULD BE REPORTED TO THE GATT AND DISCUSSED IN THAT FORUM THE SITUATION WOULD PROBABLY BE OVERTAKEN BY EVENTS.

12. SOME OF OUR SOURCES ARGUE THAT THE ACCESSION ARRANGEMENTS HAVE ALREADY BEEN NOTIFIED TO THE GATT. THEY CONSIDER THE PRESENT SITUATION ONE IN WHICH THE MEMBER STATES ARE MERELY INVOLVED IN AN INTERNAL ARGUMENT CONCERNING THE INTERPRETATION OF ARTICLE 108 OF THE ACCESSION ARRANGEMENTS. THE UK, THE DANES, AND TO SOME EXTENT THE IRISH ARGUE THAT THEIR AD HOC REGIMES ON IMPORTS FROM THE MEDITERRANEAN COUNTRIES ARE, IN FACT, TRANSITIONAL MEASURES UNDER THE ABOVE ARTICLE, AND THE ABSENCE OF A PROTOCOL TO REGULARIZE THEIR TRADE WITH THE MEDITERRANEAN COUNTRIES IS NOT THEIR FAULT BUT THE PROBLEM OF THE COMMUNITY AS A WHOLE. THE COMMISSION, AND MOST OF THE OLD MEMBER STATES, ARGUE THAT IN THE ABSENCE OF A PROTOCOL THE UK AND THE OTHER NEW MEMBER STATES SHOULD FULLY APPLY THE TERMS OF THE EC AGREEMENTS IN THE MEDITERRANEAN AS THEY PRESENTLY EXIST.

13. IN DISCUSSING THIS SUBJECT, WE SET FORTH AGAIN THE U.S. ARGUMENTS AGAINST THE CURRENT EC/MEDITERRANEAN PREFERENTIAL ARRANGEMENTS, STRESSING THE ADDITIONAL DANGERS INHERENT IN THE CHAOTIC SITUATION DESCRIBED ABOVE. WE SAID THAT WASHINGTON WOULD WISH TO CONSIDER THE GATT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 EC BRU 00772 02 OF 02 061848Z

ASPECTS AND REQUESTED THAT THE EC GIVE FURTHER PROMPT THOUGHT TO THE PROPOSALS PUT FORWARD BY UNDER SECRETARY CASEY AND DISCUSSED BY AMBASSADOR MALMGREN AND DEPUTY ASSISTANT SECRETARY RENNER.

14. DURING THE EC COUNCIL DISCUSSION OF MEDITERRANEAN POLICY ON FEBRUARY 5, THE QUESTION OF AD HOC ARRANGEMENTS WAS RAISED BY COMMISSIONER SOAMES. THERE WAS A SHORT DEBATE BUT NO CONCLUSIONS WERE REACHED AND THE SITUATION

REMAINS AS DESCRIBED IN THIS MESSAGE.

15. WE FOUND IN OUR QUESTIONING THAT OUR SOURCES WERE NOT ABSOLUTELY CONFIDENT ABOUT THE ACCURACY OF THE DETAILS OF THESE ARRANGEMENTS BECAUSE OF THE EXTREME COMPLEXITY OF THE SUBJECT. AS AN ADDED COMPLICATION THEY MENTIONED THAT THE PRACTICAL EFFECTS OF THESE MEASURES WERE SOMEWHAT REDUCED BY THE EXISTENCE OF THE EC GSP SYSTEM WHICH PROVIDES BENEFICIARY STATUS TO THE MAGHREB COUNTRIES, EGYPT, CYPRUS AND LEBANON BUT NOT THE OTHER MEDITERRANEAN COUNTRIES AFFECTED BY THE AD HOC MEASURES. GREENWALD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, PREFERENTIAL TARIFFS, COMMITTEES, TRADE ORGANIZATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 06 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974ECBRU00772
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740253/aaaabxfu.tel
Line Count: 289
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A. STATE 15683
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27 MAR 2002 by martinml>; APPROVED <31 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC MEDITERRANEAN POLICY: AD HOC ARRANGEMENTS
TAGS: ETRD, SP, IS, TS, MO, AG
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005